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| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
|-----------------|-------------|----------------------|---------------------|------------------|
|-----------------|-------------|----------------------|---------------------|------------------|

09/223,901

12/31/1998

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98-084

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08/13/2008

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EXAMINER

ROBINSON BOYCE, AKIBA K

ART UNIT

PAPER NUMBER

3628

MAIL DATE

DELIVERY MODE

08/13/2008

PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

|                              |  |                                      |  |
|------------------------------|--|--------------------------------------|--|
| <b>Office Action Summary</b> | <b>Application No.</b><br>09/223,901       | <b>Applicant(s)</b><br>WALKER ET AL. |  |
|                              | <b>Examiner</b><br>AKIBA K. ROBINSON BOYCE | <b>Art Unit</b><br>3628              |  |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 17 April 2008.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-53 and 61-96 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-53 and 61-96 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                       | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>6/11/08</u> .   | 6) <input type="checkbox"/> Other: _____                          |

## **DETAILED ACTION**

### ***Status of Claims***

1. Due to communications filed 4/17/08, the following is a final office action. Claims 1-53 and 61-96 are pending in this application and have been examined on the merits. The previous rejection has been maintained. Claims 1-53 and 61-96 are rejected as follows.

### ***Claim Rejections - 35 USC § 102***

2. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless -

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351 (a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21 (2) of such treaty in the English language.

3. Claims 50, 64, 65 and 66 are rejected under 35 U.S.C. 102(e) as being anticipated by Walker et al (US 6,108,639).

As per claims 50, 64, 65, 66, Walker et al '639 discloses:

Identifying a product subject to bidding during an auction session/means for identifying

a product subject to bidding during an auction session, (Col. 15, lines 32-36, [obtaining a purchase order that contains a description of the item]);

Receiving a bid for the product from a bidder during the auction session/means for receiving a bid for the product from a bidder during the auction session, (Col. 15, lines, (Col. 15, lines 37-38, [providing said purchase order]));

Determining before the auction closes, based on a penalty rule, whether the bidder is to receive a penalty; transmitting, to the bidder, if the bidder is to receive the penalty an indication that the bidder is to receive the penalty/means for determining before the auction closes, based on a penalty rule, whether the bidder is to receive a penalty (Col. 16, lines 5-12, [identifying one or more rules], Col. 10, lines 10-15, [buyer charged a fee or penalty]).

a storage device, (Col. 7, line 9, [storage device]); a processor connected to the storage device, (Col. 7, line 8, [processor]); the storage device storing a program for controlling the processor/A computer readable medium encoded with processing instructions, (Col. 7, lines 11-14, [storage device storing one or more instructions to enable the processor to retrieve, interpret and execute]).

***Claim Rejections - 35 USC § 103***

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. Claims 1-3, 5-8, 10-17, 20-22, 24-26, 28-31,37-42, 47, 61-63, 84-89, 91-96 are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker, et al. (US Patent 6,108,639) ,and further in view of Franchi (US Patent 5,770,533).

As per claims 1,2, 20, 21,24-26, 31,61-63, 84-88, 91, 93-96 Walker, et al discloses:

identifying a product/receiving an identification of a product/means for identifying a product subject to bidding during an auction session, (Col. 15, lines 32-36, [obtaining a purchase order that contains a description of the item]);

receiving a bid/a second bid/a prior bid/transmitting, across a computer network/means for receiving a bid for the product from a bidder during the auction session/receiving a bid for a product from a first bidder..., (Col. 15, lines 37-38, [providing said purchase offer]).

determining before the auction closes, based on a reward rule/based on the bid whether the bidder is qualified to receive a reward/means for determining before the auction closes whether the bidder is qualified to receive a reward/transmitting, to the bidder, if the bidder is qualified, an indication that the bidder is qualified to receive the reward/means for transmitting to the bidder, an indication that the bidder is qualified to receive the reward/retrieving required auction session conditions;

determining that the required auction session conditions are satisfied by current auction data; retrieving offer recipient rules associated with bidders participating in the auction session; determining, based on the retrieved offer recipient rules, which of the bidders are qualified to receive an offer message; and transmitting an offer message to at least one qualified bidder; determining that the bidder accepted the offer; and assigning a reward to the bidder./determining based on a reward rule.../transmitting, if the first bidder is qualified, an indication..., (Col. 16, lines 5-16, [identifying one or more rules, and providing said secondary market item to said customer, in this case revoking the qualification is obvious since when conditions are satisfied, the qualification is accepted]);

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to revoke the qualification with the motivation of not allowing the customer to receive the reward if conditions are not satisfied.

a storage device, (Col. 7, line 9, [storage device]); a processor connected to the storage device, (Col. 7, line 8, [processor]); the storage device storing a program for controlling the processor/A computer readable medium encoded with processing instructions (Col. 7, lines 11-14, [storage device storing one or more instructions to enable the processor to retrieve, interpret and execute]).

Walker, et al. does not specifically disclose that his process is repeated for a second bidder; however, this feature is obvious with his system because since the system includes more than one entity trying to make a purchase, it is logical to repeat the method for the next bidder, which is the second bidder.

Walker, et al fails to teach receiving a reward other than the product, but does disclose receiving the product as the reward in the abstract, lines 8-11.

However Franchi discloses:

Receive a reward other than the product, (Col. 28, lines 46-48, [where the player playing the gambling game randomly wins a door prize upon the player utilizing the player console]). Franchi discloses this limitation in an analogous art for the purpose of showing that participants who place bets can receive an award as an incentive to continue participating.

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to receive a reward other than the product with the motivation of persuading bidders to continue bidding.

As per claims 3, 13,14, 22, Walker, et al. discloses:

determining whether the bid is greater than each of a plurality of remaining bids/prior bid/wherein the reward includes a condition that the bid from the bidder is greater than each bid received from the plurality of remaining bidders/determining which of the at least one bids is a greatest bid, (Col. 6, lines 55-59, offer price incrementally increased until a seller agrees to bind]).

As per claim 5, Walker, et al. discloses: wherein the reward rule comprises a condition that the bidder accept an offer provided by a third party, (Col. 15, lines 59-62, [prioritizing an accepting based on predefined criteria]).

As per claim 6, Walker, et al. discloses:

Transmitting, before the determining step, an offer to the bidder for a second product

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provided by the third party; receiving an acceptance of the offer from the bidder; whereby the bidder is qualified to receive the reward, (Col. 15, line 65-Co1.16, line 11, [providing said secondary market item]).

As per claims 7, 40, Walker, et al. discloses: wherein the second product is a service, (Col. 1, lines 35-37, [services]).

As per claim 8, Walker, et al. discloses:

wherein the service is a credit card account and wherein the third party is a credit card provider, (Col. 9, line 62-Co1.10, line 15, [credit or debit card account]).

As per claims 10, 89, 92, Walker, et al. discloses:

determining whether the bidder has an acceptable credit history before the offer is transmitted to the bidder/ which further comprises, prior to determining whether the first bidder is qualified to receive a reward, determining whether the first bidder has sufficient funds to pay a value of the bid., (Col. 10, lines 16-26, [authorization]).

As per claims 11, 12, Walker, et al. discloses:

receiving at least one bid for the product from each of a plurality of remaining bidders/wherein the step of receiving at least one bid is performed prior to the step of receiving the bid, (Abstract, lines 5-8, [processing each received CPO to determine if seller will accept]).

As per claim 17, neither Walker, et al. nor Franchi specifically disclose: wherein the reward rule comprises a condition that the bid is the first received bid.



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Official notice is taken that it is old and well known in the auctioning art for the bid to be the first received bid. It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention for the bid to be the first received bid because it is traditional in auctions to receive bids in the order that they come in. As per claim 37, Walker, et al. discloses: receiving personal data from the bidder including at least one of a name, and address and a financial account identifier belonging to the bidder, (Col. 8, lines 12-21, [buyer name]).

As per claim 38, Walker, et al. discloses:

Verifying the personal data with a third party, (Col. 8, lines 22-25, [buyer identifier used to index the offer database]).

As per claim 39, Walker, et al. discloses:

Receiving the bid from the bidder over one of a telecommunications network and the Internet, (Col. 6, lines 41-57, [PSTN]).

As per claim 41, Walker, et al. discloses: providing the reward to the bidder, (Col. 16, lines 15-16, [providing]).

As per claim 42, Walker, et al. discloses:

receiving, from the bidder, a payment to close the auction session, (Col. 16, lines 17-22, [initiating the use of payment identifiers]).

As per claim 47, Walker, et al. fails to disclose wherein the reward rule includes a condition that the reward is issued randomly, but does disclose reward rules as shown in col. 16, lines 5-7.

However Franchi discloses: wherein the reward rule includes a condition that the reward

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is issued randomly, (col. 28, lines 46-48, [door prize randomly awarded]). Franchi discloses this limitation in an analogous art for the purpose of showing that participants who place bets can receive an award as an incentive to continue participating.

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to issue a reward randomly with the motivation of persuading all bidders in the auction to continue bidding for a possibility of receiving the random prize.

6. Claims 15, 16, 23, 28-30, 46 are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker, et al. (US Patent 6,018,639) ,and further in view of Franchi (US Patent 5,770,533),and further in view of Fisher et al (US 6,243,691).

As per claims 15, 16, 23, 28-30, neither Walker, et al., '639 or Franchi specifically disclose wherein the reward rule comprises a condition that the bid from the bidder is greater than the greatest bid by a certain percentage/currency value/that the bid exceed a prior bid by a predetermined value, but Walker et al '639 does disclose providing a reward in Col. 16,lines 15-16.

However, Fisher et al discloses wherein the reward rule comprises a condition that the bid from the bidder is greater than the greatest bid by a certain percentage/currency value/that the bid exceed a prior bid by a predetermined value, (Col. 9, lines 43-56, [highest remaining bid from a bidder is marked as successful and of the bid is below the minimum bid allowed, the bid is marked as unsuccessful]). Fisher et al discloses this limitation in an analogous art for the purpose of showing that in order for a bid to be successful, it must be greater than the minimum bid allowed, which in this case is the

highest remaining bid.

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention for the bid from the bidder to be greater than the greatest bid by a certain percentage or currency value because it is common to have some kind of reference value in order to determine what a high bid for an item is in a particular auction.

As per claim 46, neither Walker, et al. nor Franchi specifically disclose terminating the reward if a higher bid is received from a second bidder, but Walker et al '639 does disclose terminating a reward and giving a penalty in col. 10, lines 10-13.

However Fisher discloses terminating the reward if a higher bid is received. Fisher discloses this limitation in an analogous art for the purpose of showing that a participant will not be rewarded if they do not meet certain qualifications.

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to terminate the reward if a higher bid is received because since the highest bid is the prizewinner, the lower bid would automatically become disqualified.

7. Claims 32 and 33 are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker, et al. (US Patent 6,108,639), and further in view of Franchi (US Patent 5,770,533), and further in view of Scholldorf (EP 0 411 748 A2).

As per claims 32, 33, neither Walker, et al. or Franchi specifically disclose measuring a time between the bid and a previous bid from a second bidder; establishing a reward rule including a condition that the bidder is qualified to receive the reward when the time is greater than a predetermined value; determining whether the time between the bid

and the previous bid is greater than the predetermined value, but

Walker et al '639 does disclose a bidder submitting a bid in the abstract, lines 5-8.

However, Scholldorf discloses: measuring a time between the bid and a previous bid from a second bidder; establishing a reward rule including a condition that the bidder is qualified to receive the reward when the time is greater than a predetermined value; determining whether the time between the bid and the previous bid is greater than the predetermined value, (Page 9, line 46-Page 10, line 11, [bids are entered into the system in a time order and are time stamped]). Scholldorf discloses this limitation in an analogous art for the

purpose of showing that the time between a first bid on the right most and the last bid on the left most can easily be determined.

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to measure the time between a bid and a previous bid, and to determine if the bidder is qualified to receive the reward when the time is greater than a predetermined value because this would ensure that the auction/product purchase session does not go on past a certain time.

8. Claim 43 is rejected under 35 U.S.C. 103(a) as being unpatentable over Walker, et al. (US Patent 6,108,639), and further in view of Franchi (US Patent 5,770,533), and further in view of Baraldi "Efficient parallel algorithms for the minimum cost flow problem", Journal of Optimization Theory and Applications (Dec. 1997), vol. 95, no.3, p. 501-30.

As per claim 43, neither Walker, et al. nor Franchi specifically disclose wherein the payment is determined from a parallel auction, but Walker et al does disclose an auction environment in the abstract, lines 1-11. However, Baraldi discloses: wherein the payment is determined from a parallel auction, (entire abstract, [shows minimum cost is determined through a parallel auction algorithm]). Baraldi discloses this limitation in an analogous art for the purpose of showing that parallel auctions are used to influence minimum cost.

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to determine the payment from a parallel auction because this payment price would be close to the average price. Parallel auctions are commonly used as backbones for auctions that presently take place.

9. Claims 44, 45 are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker, et al. (US Patent 6,108,639), and further in view of Franchi (US Patent 5,770,533), and further in view of Waren Publishing "Budget Leaves Out Spectrum Fee", Television Digest, (13 Feb. 1995), Vol. 35, No. 7.

As per claim 44, neither Walker, et al. nor Franchi specifically disclose receiving, from the bidder, a payment to extend the auction session, but Walker et al '639 does disclose a payment to an auction session in col. 18, lines 25-31. However, Waren Publishing discloses: receiving, from the bidder, a payment to extend the auction session, (1st paragraph, [users are charged spectrum fees in order for auction authority to be extended]). Waren Publishing discloses this limitation in an analogous art for the

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purpose of making it possible of the auction to continue for a longer period of time.

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to receive, from the bidder, a payment to extend the auction session because it is common in the auctions of the present for a bidder to pay for his/her time. This would increase the flow of funds/payments towards the company/business.

As per claim 45, neither Walker et al '639, Franchi, nor Waren Publishing disclose determining the payment from a parallel auction, however, Walker et al '639 does disclose an auction environment in the abstract, lines 1-11.

Official notice is taken that it is old and well known in the auction art to determine the payment from a parallel auction. It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to determine the payment from a parallel auction because this payment price would be close to the average price.

Parallel auctions are commonly used as backbones for auctions that presently take place.

10. Claims 4, 9, 18, 19, are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker, et al. (US Patent 6,108,639) and further in view of Franchi (US Patent 5,770,533), and further in view of Walker, et al (US Patent 6,049,778).

As per claim 4, 9, 18, both Walker, et al. '639 and Franchi et al fail to teach a reward with a value of currency, but Walker '639 does teach issuing a reward in the abstract, lines 8-11.

However Walker, et al '778 discloses: a value of currency, (Col. 10, lines 34-38). Walker

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et al '778 discloses this limitation in an analogous art for the purpose of showing that monetary rewards can be given in an auction environment as an incentive.

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to comprise the reward of a value of currency because this is a traditional way of rewarding a customer in the promotion art. This type of promotion will give the customer/bidder more incentive to continue to purchase/bid.

As per claim 19, both Walker, et al. '639 and Franchi et al fail to teach wherein the reward corresponds to a difference between the bid and a greatest bid, but Walker et al '639 does teach issuing a reward in the abstract, lines 8-11.

However Walker, et al '778 discloses:

wherein the reward corresponds to a difference between the bid and a greatest bid, (Col. 10, lines 38-41). Walker et al '778 discloses this limitation in an analogous art for the purpose of giving the winner the most reasonable reward for the bid that was submitted.

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to have the reward correspond to a difference between the bid and a greatest bid because this is the amount in which the highest bidder goes over the normal bid price. Since the highest bidder is the one who is rewarded, it is logical to reward the bidder with the amount that he/she has put out to win.

11. Claims 27, 34, 35, 36, 48, 49, are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker, et al. (US Patent 6,108,639), and further in view of Franchi

(US 5,770,533), and further in view of Barzilai, et al (US Patent 6,012,045).

As per claim 27, 34, 35, 36, 48, both Walker, et al. '639 and Franchi fail to teach comparing a participation history of the bidder and the second bidder; and awarding the product based on the comparison/establishing a reward rule that a historic participation meets a predefined criterion; measuring the historic participation of the bidder; and determining whether the historic participation meets the predefined criterion/wherein the predefined criterion includes a requirement that the bidder has participated in at least one previous auction session/wherein the historic participation corresponds to...a number of previous auctions in which the bidder participated/wherein the reward to be offered is determined based on...the bidders participation history, but Walker et al '639 does disclose a bidder participating in an auction-like environment in the abstract, lines 1-5.

However Barzilai, et al discloses: comparing a participation history of the bidder and the second bidder; and awarding the product based on the comparison/establishing a reward rule that a historic participation meets a predefined criterion; measuring the historic participation of the bidder; and determining whether the historic participation meets the predefined criterion/wherein the predefined criterion includes a requirement that the bidder has participated in at least one previous auction session/wherein the historic participation corresponds to...a number of previous auctions in which the bidder participated/wherein the reward to be offered is determined based on...the bidders participation history, (Col.



12, line 67-Col. 13, line 24). Barzilai et al discloses this limitation in an analogous art for the purpose of determining how much profit one can receive in an auction environment due to the history of the bidder.

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to compare a participation history of the bidder and award the product based on the comparison because this would encourage the bidder to continue his/her participation. It would also have been obvious to one of ordinary skill in the art to use the amount of profit earned from the bidder as historic participation because this information will reveal if the bidder is likely to come back to another session. This information is also bidder-specific and will be useful when pulling up bidder files.

As per claim 49, both Walker, et al. '639 and Franchi fail to teach receiving/**transmitting** an encrypted indication, but Walker et al '639 does teach a participant submitting a bid as a collectible conditional purchase offer in the abstract, lines 1-11.

However Barzilai, et al discloses:

Receiving an encrypted indication of a time the bid was transmitted, (Col. 8, lines 20-32). Barzilai et al discloses this limitation in an analogous art for the purpose of securely showing times that a user submits his or her bid.

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to receive or transmit an encrypted indication of a time the bid was transmitted because this information would help enforce a time limit during a bidding session and would encourage bidders to submit bids early in order to receive certain types of rewards for early submissions.

12. Claims 67-83 are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker, et al. (US Patent 6,108,639), and further in view of Franchi (US 5,770,533), and further in view of Kou (US Patent 6,363,365).

As per claims 67-83, all limitations are disclosed by the combination of Walker et al '639 and Franchi as disclosed above with respect to claims 1, 2, 3, 5, 11, 13, 15, 16, 37, 39, 42, 43, 46, 48, and 49 respectively, however this combination does not specifically disclose the following, but Walker et al '639 does teach a participant submitting a bid as a collectible conditional purchase offer in the abstract, lines 1-11.

However Kou discloses:

the submission of an encrypted date and time of submission of the bid from a bidder during the auction session, (Col. 6, lines 45-57, encryption session key that contains date information);

decrypting the date and time of submission, (Col. 7, lines 1-8, decrypts the encrypted information);

accepting the bid if the decrypted date and time of submission indicates that the bid was submitted before a scheduled closing time of the auction session, (Col. 7, lines 8-15, generates the bid proposal) ;

Kou discloses the above limitations in an analogous art for the purpose of securing bid submissions.

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to submit encrypted date and time of submission of the bid from a bidder

during the auction session, to decrypt the date and time of submission, and to accept the bid if the decrypted date and time of submission indicates that the bid was submitted before a scheduled closing time of the auction session with the motivation of securing bid proposals for a certain date, and inherently time.

13. Claims 51-53 are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker, et al. (US Patent 6,108,639), and further in view of Pionchon (US Patent 5,200,890).

As per claims 51-53, Walker, et al. '639 fails to teach wherein the penalty rule comprises a condition that the bid is less than a current high bid/less than a predetermined value/wherein the penalty comprises making the bidder ineligible to continue, but Walker, et al does teach a participant submitting a bid as a collectible conditional purchase offer in the abstract, lines 1-11.

However, Pionchon discloses:

wherein the penalty rule comprises a condition that the bid is less than a current high bid/less than a predetermined value/wherein the penalty comprises making the bidder ineligible to continue (Col. 7, lines 15-24). Pionchon discloses this limitation in an analogous art for the purpose of showing that if the bidder does not meet certain standards, then that bidder can not continue being a participant.

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to apply the penalty rule and make the bidder ineligible to continue if the bid is less than a current high bid because the lower bid cannot qualify for an award. Since

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the opposite of an award is a penalty, the penalty rule would be applicable in this case.

14. Claim 90 is rejected under 35 U.S.C. 103(a) as being unpatentable over Walker, et al. (US Patent 6,108,639), and further in view of Franchi (US Patent 5,770,533) and further in view of Pionchon (US Patent 5,200,890).

As per claim 90, neither Walker et al nor Franchi disclose the following, however, Walker, et al. '639 does teach a participant submitting a bid as a collectible conditional purchase offer in the abstract, lines 1-11.

However, Pionchon discloses:

determining whether the bid of the first bidder is greater than a current bid; and

assessing a penalty against the first bidder if the bid of the first bidder is less than the current bid, (Col. 7, lines 15-24). Pionchon discloses this limitation in an analogous art for the purpose of showing that if the bidder does not meet certain standards, then that bidder can not continue being a participant.

It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to assess a penalty against the first bidder if the bid of the first bidder is less than the current bid since the opposite of an award is a penalty, the penalty rule would be applicable in this case.

### ***Response to Arguments***

15. Applicant's arguments filed 4/17/08 have been fully considered but they are not persuasive.

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As per claims 50, and 64-66, the applicant argues Walker et al does not disclose a traditional auction because a traditional auction includes multiple buyers who place bids for an item that has been put up for bid by a seller, and in contrast, Walker's methods pertain to one buyer who makes an offer (via the CPO) to multiple potential sellers, and therefore does not encourage competitive bidding behavior where a bidder may be subject to a penalty, and therefore can not teach that that before an auction closes, subjecting a bidder to a penalty. However, Shavit does not specifically disclose the following: a semiconductor product manufacturing facility. However, the nature of the auction is descriptive material and is not functionally involved in the recited steps of the method. Because a "traditional auction" has no functional role in the method, it is non-functional descriptive material, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983). MPEP 2106). In addition, the penalty in Walker is represented by the fee/penalty charged to the buyer if the buyer ultimately fails to purchase the requested item for which a CPO was associated with. Also, this penalty is implemented before the close of the auction since the transaction is still being processed during step 1008, therefore meaning that the auction has not yet closed since transactions involving the auction still need to be carried out [actual purchase of the item]. Walker '639 shows that the penalty is applied once the CPO is accepted by a seller, and before the purchase of the item. The penalty is not applied after the customer is bind to the purchase by accepting the CPO. As shown in col. 18, lines 3-19 of Walker '639, once a customer accepts the CPO, the

auction is still active until it is determined that the item satisfies a description and once this happens, then the customer is bind to purchase the item [this is the close of the auction]. The auction is not closed once the seller accepts the CPO since the items still need to satisfy a description. It is not right after the CPO it accepted that the auction is closed, but after the "determination" step. In addition, it is true that col. 16, lines 5-12 of Walker '639 shows rules applied to determine if the seller will accept a customer's CPO, however, these rules are also applied as penalty rules since penalties are directly linked to the CPO and implemented upon acceptance of the CPO. Therefore, if rules are applied to determine if a CPO is accepted, the penalty that goes along with this particular CPO is also implemented through application of these rules. In addition, Col. 12, line 59-Co1.13, line 7 shows the validation of an item under a CPO. Once the item under the CPO has been validated, Walker et al '639 shows that the item is purchased by crediting the seller's credit card, and then the offer database is updated to record the final seller and final item before the program terminates. This section proves that Walker et al '639 supports the fact that the auction is not terminated once the CPO is accepted, but after the item under CPO is validated, and the buyer is bind to purchase or has purchased the item.

As per claims 1, and 60-63, the applicant argues that prior art does not teach that the bidder may receive a reward other than the product. The applicant also argues that Franchi has nothing to do with auctions or even bidding. However, Franchi's invention deals with a casino system. In Claim 36 of Franchi, terms such as "player betting data" and "gambling game" proves that bidding is implemented in this invention. In addition,

claim 41 of Franchi discloses a "door prize". This "door prize" serves as a separate award in relation to the updated credit balance of the players betting card in response to player winnings as shown in Col. 21, lines 45-48. In Franchi, the ability to play the gambling game represents the product and updating the credit balance of the player's betting card so these players can play the gambling game represents the reward. In addition, since claims 2, 3, 5-8, 10-17, 20-22, 24-26, 28-31, 37-42 and 47 all directly or indirectly depend on claim 1, these dependent claims are still rejected for at least the same reasons.

As per claim 17, applicants request a reference to prove that it would have been obvious to one of ordinary skill: "for the bid to be the first received bid because it is traditional in auctions to receive bids in the order that they come in" . Examiner therefore cites the Fisher et al (US 2003/0088503 A1) reference. In Fisher et al, claim 7 recites that the manager awards a first successful bidder of the plurality of successful bidders for a higher quantity of a same item at a price of a lowest successful bid.

In addition, as per claim 41, applicant argues that Walker et al does not teach providing a reward to a bidder. However, *the combination* of Walker, et al. and Franchi disclose this limitation. Col. 16, lines 15-16, of Walker et al discloses providing a secondary market item, if the secondary market item satisfies the condition in response to player auctions. However, as shown above in the rejection, Franchi discloses a "door prize" as a reward in response to player winnings in an auction environment as shown in Col. 21, lines 45-48.

As per claims 84-87, and 88, 89, and 91-96 applicant argues that prior art does not disclose any of these steps. However, these steps are shown by Walker et al as discussed above in the rejection, in Col. 15, lines 32-36, where a purchase order that contains a description of the item is obtained, in Col. 15, lines 37-38, where a purchase offer is provided, and in Col. 16, lines 5-16, one or more rules is identified, and a secondary market item to said customer is provided. In this case, Walker, et al. does not specifically disclose that his process is repeated for a second bidder, however, this feature is obvious with his system because since the system includes more than one entity trying to make a purchase, it is logical to repeat the method for the next bidder, which is the second bidder.

As per claims 15, 16, 23, 28-30 and 46, applicant argues that Fisher fails to disclose a reward rule. However, Col. 9, lines 43-56 of Fisher discloses that the highest remaining bid from a bidder is marked as successful and if the bid is below the minimum bid allowed, the bid is marked as unsuccessful for the purpose of showing that in order for a bid to be successful, it must be greater than the minimum bid allowed, which in this case is the highest remaining bid.

As per claim 32 and 33, applicants argue that prior art fails to teach or suggest establishing a reward rule that depends upon whether the time between bids is greater than, or less than, a predetermined value, as claimed. However, Page 9, line 46-Page 10, line 11 of Scholldorf discloses that bids are entered into the system in a time order and are time stamped for the purpose of showing that the time between a first bid on the



right most and the last bid on the left most can easily be determined.

As per claim 43, this claim is dependent on claim 1, and is still rejected for the same reasons as discussed with respect to claim 1.

As per claims 44 and 45, applicant argues that Warren Publishing does not teach or suggest receiving a payment to extend an auction from a bidder. However the 1st paragraph of Warren publishing discloses that users are charged spectrum fees in order for auction authority to be extended for the purpose of making it possible of the auction to continue for a longer period of time.

As per claims 4, 9,18 and 19, applicants argue that Walker '778 fails to disclose issuing a reward. However, the combination of Walker, et al., Franchi and Walker et al '778 disclose this limitation. Specifically, Franchi discloses a "door prize" as a reward in response to player winnings in an auction environment as shown in Col. 21, lines 45-48. Applicant also argues that prior art fails to disclose wherein the reward corresponds" to a difference between the bid and a greatest bid as disclosed in claim 19. However, Walker, et al '778 discloses this limitation in Col. 10, lines 38-41 for the purpose of giving the winner the most reasonable reward for the bid that was submitted.

As per claims 27, 34, 35, 36, 48 and 49 applicant argues that prior art fails to teach or suggest awarding a product based on the comparison of the participation history of two bidders, as claimed in claim 27. However in Col. 12, line 67-Col. 13, line 24 of Barzilai et al discloses passages that suggest determining how much profit one can receive in an auction environment due to the history of the bidder.

As per claims 67-83, applicant argues that he is unsure of what is not disclosed by Walker in view of Franchi, however, the rejection states: "this combination does not specifically disclose the following", and then lists the limitations, which were then shown to be disclosed by Kou. The following limitations apply: "the submission of an encrypted date and time of submission of the bid from a bidder during the auction session", "decrypting the date and time of submission", and "accepting the bid if the decrypted date and time of submission indicates that the bid was submitted before a scheduled closing time of the auction session". In addition, the combination of Walker, Franchi, and Kou disclose the limitations of claims 67-83, including receiving a bid for the product with an encrypted date and time of submission of the bid from a bidder during the auction session; decrypting the date and time of submission; accepting the bid if the decrypted date and time of submission indicates that the bid was submitted before a scheduled closing time of the auction session since specifically Kou discloses an encryption session key that contains date information in Col. 6, lines 45-57, decrypting the encrypted information in Col. 7, lines 1-8,, and accepting the bid through generation of a bid proposal in Col. 7, lines 8-15.

As per claim 51-53, these claims depend from claim 50 and are therefore still rejected for the same reasons as discussed with respect to claim 50. In addition, applicant argues that since Pionchon discloses a system that deals with a bridge game, and not an auction, it would not be obvious to combine Pionchon with Walker to disclose the present invention. However, Pionchon discloses a bidding environment

that incorporates awarding of points at the end of the game, and since an auction involves bidding, Pionchon's invention suggests an auction environment.

Claim 90 depends on claim 88, and is rejected for the same reasons. In addition, applicant makes similar arguments to those of claims 51-53, and claim 90 is therefore still rejected for the same reasons as disclosed with respect to claims 51-53.

In addition, with respect to applicant's arguments that a specific teaching is required for a finding of obviousness. *KSR*, 127 S.Ct. at 1741, 82 USPQ2d at 1396. The claims of the present invention recited combinations which only unite old elements with no change in their respective functions and which yield predictable results. Thus, the claimed subject matter likely would have been obvious under *KSR*.

### ***Conclusion***

16. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Akiba K Robinson-Boyce whose telephone number is 571-272-6734. The examiner can normally be reached on Monday-Friday 9am-5:30pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Hayes can be reached on 571-272-6708. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the

- Patent Application Information Retrieval (PAIR) system, Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For

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more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-305-3900.

A. R. B.  
August 12, 2008

/Akiba K Robinson-Boyce/

Primary Examiner, Art Unit 3628